

ISLAND COUNTY COMMISSIONERS - MINUTES OF MEETING

SPECIAL SESSION - MAY 30, 1997

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The Board of Island County Commissioners met in Special Session on Friday, May 30, 1997, beginning at 9:00 a.m., in the WSU Extension Building Conference Room located at 1 NE 5th Street, Coupeville, Wa. The purpose of the Special Session was afford the Board an opportunity to hear a presentation by the Greenbank Farm Management Group (GFMG). Mike Shelton, Chairman, and Tom Shaughnessy, Member, were present. Wm. L. "Mac" McDowell was absent, having been appointed by Senator Murray and Congressman Metcalf to sit on the Northwest Marine Sanctuary Committee meetings, held on Fridays @ 10:00 a.m. In addition, approximately 25+ people attended. Those who were identified included:

Island County: Margaret Rosenkranz, Auditor/Clerk of the Board; Betty Kemp, Director, GSA; Larry Kwarsick, Public Works Director; Elaine Marlow, Auditor's Office; E. Meyer, Secy. to the Board.

Port of Coupeville Commissioners: Lew Naddy; Don Stewart; Don Sherman

Others

Cookson Beecher, Capital Press, Sedro Woolley Kristi O'Donnell

Tom Clendenin, GFMG Vern Olsen

Marcia Comer Mary Petry

Senator Mary Margaret Haugen Debby Ross, Whidbey News Times

Joan Houchen, President, Island County Historical Society Rufus Rose, South Whidbey resident/

Diane Kendy Is. Co. Planning Commission Member

Bob Mann, GFMG Mike Seraphinoff

John Teutsch

Tom Clendenin and Bob Mann, gave the presentation on behalf of the GFMG, summarizing from the handout: *"A plan to purchase Whidbey's Greenbank Farm - 'The jewel of the Island' - For use by the citizens and visitors of Island County as a living historic farm, scenic & environmental park and community center"*.

Recent Port action demonstrated leadership moving toward increased economics. Throughout the past 15-16 months the concept for the Farm has not changed. The process is working because of support of the concept from the community, organizations throughout Island County and administrative action by the Port. This perhaps is an historic combination of private citizen groups

and government working together to get something done. After the initial purchase, private resources will fund the project through sales, contributions, participation, and volunteerism. The original concept is the concept generally accepted by the Committee, and the goal is that the project support itself. Two government bodies involved have oversight responsibilities; those responsibilities will be facilitated and encouraged by project management. The group's first meeting with Stimpson Lane to discuss the business aspect is scheduled for June 11.

Business Plan for the Greenbank Farm Management Group (GFMG) Mission Statement: The Mission of the GFMG shall be to operate the Farm

as duly authorized agents of the Central Whidbey Port Commission and

Island County, under authority renewable annually by these owning agencies.

Operating Responsibilities:

- o farm management consistent with public interest of Island County residents, the County and Port Commission
- o resource management and program selection efficiently managed, environmentally sound, tastefully executed, with maximum participation by all groups having interests.
- o GFMG shall be a non-profit corporation. Satellite for-profit corporations may be created or franchises awarded as necessary to manage and operate commercial activities on the Farm. Proceeds applied toward costs of operation of the farm, including operating expenses, capital asset creation and contribution toward servicing of bonded indebtedness of the commercial area of the Farm when considered feasible.

Greenbank Farm Endowment Fund. Fund will be a support group to provide financial assistance to the Farm through charitable donations, bequests, grants, etc. Contributions designated as to use will be managed by the GFMG directly. There will be a separate governing body for this endowment fund but tied to the Group. Should endowed assets exceed \$500,000 a Fund manager should be appointed by the Trustees to manage such assets. The fund should be audited annually by a qualified financial firm.

GFMG Organizational Structure. There will be a Board of Directors; a farm manager will need to be hired promptly. Once activity is enough, there would be a farm general manager. An Activity Council would consist of 9 to 11 members (popular vote carried). A second group would be a Management Team which would consist of about 10 appointed members. An Executive Committee would handle day to day operating management of the Farm. A Financial Committee would provide Farm financial oversight; and there is also planned a Personnel Committee. Acting as an agent of the County and Port, the Board of Directors provides overall operating management and planning, with periodic interaction with both sponsoring groups.

Acquisition Phases-Initial Operations - Employ Manager as First Priority

1. Continue Gift Shop Operation

Talk to with Stimpson Lane about acquiring current assets of gift shop at a depreciated value. Anticipate \$30,000 to \$50,000 inventory requirement.

2. Continue Wine Operations

Possible scenarios:

- o acquire current wine facilities with Stimpson Lane as franchised operator
- o acquire current wine facilities with new franchised operator
- o acquire current wine facilities with Stimpson Lane as toll operator
- o new toll or franchised operator to provide own facilities

3. Open Coffee Shop/Snack Bar

Coffee shop of some sort, possibly start out with franchise. Need to verify availability of septic and water. Consider initially a 1 year lease, targeting 8% of gross pre- tax revenues as franchise fee.

4. Begin weekend Farmers/Craft Markets

Marginally profitable but create lots of interest for local people. Looking initially at constructing 20-30 outdoor stands estimated to cost \$3,000 to \$5,000 for materials (already have offers from volunteers for labor).

5. Compile all administrative details necessary to begin operations

Employment contracts; policies; insurance; utility agreements; contracts for professional services; secure startup funding.

Economic Viability. Retail sales in 1994 generated \$750,000 with gross operating margin \$180,000. Immediate plans: broaden merchandise base; enhance food service menu; emphasize Whidbey Island and NW flavor goods , resulting in an annual increase in retail sales of \$100,000 - \$200,000.

Confronting Issues:

- o ownership of bottling line and store hardware
- o franchising or direct involvement in wine operations
- o need for and availability of startup funding

Draft Organization Chart

Activity Center Teams will address the nuts and bolts of separate area activities. Teams are working groups who will send recommendations forward for action.

Other: first celebration planned for September 20-21 to welcome back the Farm.

Intend as soon as possible to get into the first floor of the second barn, to the north of the winery, and have inside an operating farmers market and perhaps fine arts activities.

Letters included in the Handout:

- Ed Gemkow, Island Construction, part of the team planning the restoration of #2 barn at Greenbank Farm
- Gloria Koll, Whidbey Camano Land Trust, offering to help in designing easements to preserve the land in perpetuity
- Connie Walser, Walser Farms, Burlington, summarizing interest in having a central point developed for growers and producers
- Michael Seraphinoff and Mary Petry, outlining potential benefits at the Farm, including locally-produced food and greater access to healthy, locally grown food; opportunity to learn about farming and gardening; new opportunities for economic development.
- Frank Parente, South Whidbey Tilth, expressing support and encouragement of a farmers market at the Farm
- Ken Hofkamp, Vice-President, Board of Directors, Coupeville Arts Center, expressing interest in considering the Farm in their strategic planning process

Wine Country Farm Kitchen, Prosser, Wa. - information

- Appendix, including 8 Feb. 1996 original vision and beginning of the Plan.

In response to a question from Commissioner Shaughnessy about intent to reimburse any portion of the funds to the Port or the County's Conservation Futures Fund, Mr. Mann indicated not directly, but at least indirectly depending on how much money the Group has.

Referring to Page 5 of the handout reading "Farm management must always be consistent with the public interests of the residents of Island County.." Commissioner Shaughnessy thought so far most of the support had come from South Whidbey. Representing Commissioner District #3, North Whidbey and Camano Island, he wanted to see more public support throughout the County rather than just the South Whidbey area. With purchase of the Farm, he hoped everyone understood a change in the Island County Code is needed dealing with Conservation Futures Funds allocation more equitably throughout the County with respect to future acquisitions. Other than those two comments, he thought the project was great.

Joan Houchen pointed out that the Board of Directors of the Island County Historical Society was made up of members County-wide, even a member from Camano Island, Mr. Shaughnessy's mother. The Board of Directors voted unanimously to support the project. Mr. Clendenin suggested a survey of all the letters/cards received by the County Commissioners would show an amazing number from North Whidbey.

Mary Margaret Haugen noted that the project would generate more tourism and revenue, therefore a spin off on the whole County, and she saw this as economic development as much as preservation of a wonderful historical site.

Chairman Shelton was glad to see inclusion of the annual renewal provision in the Mission Statement. He did suggest there be a clear understanding between the Group and the Port about how all this is going to happen. One thing to be factored in the business plan would be retirement of the debt. He did remind that management by committee rarely worked and someone had to be responsible to make decisions. With respect to proposed continuation of wine operation (page 7) at this point it is not known whether the wine equipment on site is included in the sale of the property or can be negotiated for purchase at some depreciated price? Mr. Clendenin did not think that assumption had been made. Mr. Naddy indicated the Port Commissioners were told by Stimpson Lane they would negotiate with the Port on the purchase of personal property for original cost plus depreciation.

Mr. Clendenin felt it safe to say that from the beginning Stimpson Lane had been ordered by its parent company to get last nickel off the table as far as Farm. What the Group is addressing here is some sort of an interim measure, i.e. use their umbrella on some basis until licenses are issued, etc.

With respect to the area historically having been known as the Greenbank Loganberry Farm, Chairman Shelton was interested in knowing if the Group anticipated leasing portions of that to continue farming.

Mr. Mann's response was affirmative, certainly a return to farm operation. Mr. Clendenin added to that by noting as a first effort there would have to be a determination of what it will cost based on soil and conditions existing now to put one acre back in production.

Mr. Naddy clarified that the Farm had not been purchased as yet and whether it would be or not was a question. The Port made no commitment to anyone to manage the Farm, and no one has any authority to make commitments or promises affecting the Port.

Rufus Rose recognized obvious support for the project and that it had been well researched. He did have some concerns summarized as follows:

- Possibility the project commenced out of fear and "NIMBY" when in fact there was never an application submitted for the feared development activity.
- Will DOT franchise for a Camano to Whidbey ferry have any potential impact on (increased tourism means heavier loads on bridge and ferries) . Under the GMA, the State will issue a stop on building permits in Island County should LOS be exceeded, and the State apparently has no resources to improve the four entry points.
- Feature benefit of the area is the incredible view across Lake Hancock to the Peninsula. Will there be negotiation with USN to recognize those trees that were planted will impact that view negatively?
- Need to nail down who will be in charge and lines of authority/responsibility.
- The Plan provides for an Operation & Maintenance budget; are all those monies anticipated to come from operation of the project?
- Need a formula for fairer tax collection. Include in the equation \$30,000 to \$40,000 tax reverts back to other taxpayers because government does not pay ad valorem tax.

- Planning Commission would enjoy hearing from this Group.
- Potential for park & ride site in that area?
- Is there a "back-out" potential should the project turn out non-viable?
- What are the intended uses of the property Island County will own? Is it all timbered? Will that all be for park and recreational use or a tree farm? Will there be some commitment as to what uses Island County can make?
- There was an Eagle's nest on or near the property in the mid-eighties; is it still there and will that impact the property?
- As a potential resource, as Native Americans to participate in this project.

Ms. O'Donnell indicated that no waterfront property was involved in this purchase. Group is in communication with Island Transit as well as DOT.

Chairman Shelton believed the commitment on behalf of Island County was a perpetual commitment for preservation of open space. There has been some talk about using some of the forest property to better understand sustainable forestry but whether that will come to pass or not he did not know and made no commitment. The area does offer broad use. With respect to the issue of an Eagle's nest, the State Department of Fish & Wildlife has all of the Eagle's nests mapped in Island County. If there is a nest, it will have an impact on the property and the County would adhere to any required regulations. The transfer of ownership of the property from private to public will increase the tax base which will be absorbed by all County taxpayers. However, he believed that Island County residents by a large percentage support conservation futures, preservation of open space and saltwater access, etc. This property is in ag and forest and will represent some \$11,000 tax shift to other taxpayers in the County.

Mr. Kwarsick mentioned that the County and Port signed an interlocal Agreement recognizing the opportunity to apply for grant funds for recreational purposes, specifically in this case "local parks" category , and that will continue to be pursued.

Application has been made for and received, a waiver of retroactivity. Those grant funds could amount to approximately 50% of the purchase price. On Monday the Board of County Commissioners will be presented

with a Purchase and Sale Agreement between Island County and the Trust for Public Lands (TPL). TPL holds an option on the property. The purchase and sale agreement provides a contractual relationship between the County and TPL that does not obligate the County to purchase the land but it is an important first step in that direction, and contains significant contingencies to be dealt with. A financing plan is now being worked on for property acquisition. The Conservation Futures fund is the County's prime source of funding. That fund does not have a fund allocation formula embedded in that and on Monday a proposed amendment to the Code will be presented to deal with establishing a formula, the matter hopefully to be heard by the Board in early July at Public Hearing.

Mr. Clendenin recalled that Robin Pollard, Director, State Tourism Development, was with members of the Group out at the Farm on the 14th of this month and she and her deputy basically committed full resources of her office to this project. This project is seen as one that will become an important destination on the Cascade Loop.

Ms. O'Donnell knew that the Group was cognizant for need of balance, to retain the rural flavor of the community.

Chairman Shelton read into record a statement from Commissioner McDowell, noting that Commissioner McDowell was not necessarily looking for an answer now, but would request a written response:

"Please address the following questions:

1) Given that the County is buying the entire Farm outright and the Port is buying its portion from the County on a real estate contract and that contract requires as one remedy non payment for the County's ownership of the Port property, I note the following:

You have in the past provided somewhat of a Business Plan to the Commissioners. Do you feel the Business Plan would stand up to scrutiny by a bank's loan committee? In other words, would a bank loan on it? Would you have any objections to my providing it to a bank to get from them their comments on the financial aspects of the Business Plan?

2) The County's portion is the approximately 300 acres of surrounding trees. In the plan received from your group in prior months, it suggested we could log the property using sustainable logging practices. Is that still your proposal?

Please explain what "sustainable logging practices" means to you?

3) Can you explain why the County should buy all the treed property as opposed to buying a one to three-hundred foot buffer around the cleared area? *Wm. L. "Mac" McDowell*

Island County Commissioner"

Mr. Clendenin was not able to provide a complete answer but did say it was still their intent to address

sustainable logging practices and that it would be their approach to present a plan for that if that were to be the case. As far as question #3, he could not address that at this point, but would do so in writing.

John Teutsch addressed Commissioner McDowell's first question. Mr. Teutsch's qualifications to answer include that he has had some 40+ years in the mortgage banking industry, plus advocate in land use and economics, and a member of the management committee Rainier Bank for a number of years. He did not see going to a bank to develop a line of credit particularly, and thought they could raise adequate capital funds without doing that.

Mike Seraphinoff believed that there had been at least 1,000 letters received supporting the project, and did not believe that even one of those asked that only a portion of the property be purchased, rather the entire property.

The Chairman adjourned the meeting at 10:30 a.m. The next Regular Session of the Board will be held on June 2, 1997, beginning at 9:30 a.m.

BOARD OF COUNTY COMMISSIONERS

ISLAND COUNTY, WASHINGTON

Mike Shelton, Chairman

[absent - Wm. L. McDowell, Member]

Attest:

_____ Tom Shaughnessy, Member

Margaret Rosenkranz, County Auditor

& Ex-Officio Clerk of the Board